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中國儲能科技發展有限公司

CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED

*(formerly known as Link-Asia International MedTech Group Limited 環亞國際醫療科技集團有限公司)
(incorporated in the Cayman Islands with limited liability)*

(Stock code: 1143)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



軟庫中華
SBI China Capital

SBI China Capital Financial Services Limited

THE PLACING

The Board is pleased to announce that on 16 September 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 20,703,200 Placing Shares at the Placing Price of HK\$1.51 per Placing Share, to not less than six (6) Placees, who and whose ultimate beneficial owners shall be Independent Third Parties.

The maximum number of the Placing Shares represents (i) approximately 10.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion).

The Placing Shares will be allotted and issued under General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming all 20,703,200 Placing Shares are subscribed for in full, upon the Completion, the aggregate gross proceeds from the Placing will be approximately HK\$31.3 million and the aggregate net proceeds from the Placing will be approximately HK\$30.3 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.51 per Placing Share.

The Company intends to use the entire net proceeds arising from the Placing as to: (i) approximately HK\$22.1 million for the development of Energy Storage System Equipment specialized for renewable energy charging for electric vehicles; and (ii) approximately HK\$8.2 million as working capital of the Group.

WARNINGS

Since the Completion is subject to the satisfaction of a condition precedent as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING

On 16 September 2024, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 20,703,200 Placing Shares at the Placing Price of HK\$1.51 per Placing Share. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date : 16 September 2024

Parties : the Company; and
the Placing Agent

The Placing Agent is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activity under the SFO.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Placees

The Placing Shares are expected to be placed, on a best effort basis, to not less than six (6) Placees, who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a Substantial Shareholder.

Placing Shares

The maximum number of the Placing Shares represents (i) approximately 10.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement and up to the Completion).

The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$4,140,640.

Placing Price

The Placing Price of HK\$1.51 per Placing Share represents:

- (i) a discount of approximately 19.7% to the closing price of HK\$1.88 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 18.8% to the average closing price of approximately HK\$1.86 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent market price of the Shares and the prevailing market conditions. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid up, will rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing commission

The Placing Agent will charge the Company a placing commission of 3.0% of the aggregate Placing Price (being HK\$1.51) of the Placing Shares (being the maximum number of 20,703,200 Shares successfully placed by the Placing Agent). The Placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent by reference to the prevailing market rates. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon the listing of and permission to deal in all the Placing Shares being granted (subject only to allotment) by the Listing Committee of the Stock Exchange and dealings of the Placing Shares being allowed by the Stock Exchange (and such listing and permission not subsequently being revoked).

If the above condition is not fulfilled by 4 October 2024 (or such later date as the Company and the Placing Agent may agree in writing), the Placing will be terminated and the Placing will not proceed and all rights, obligations and liabilities of the Placing Agent and of the Company under the Placing Agreement shall cease and terminate and the Placing Agent shall be released from all obligations pursuant to the Placing Agreement and none of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach.

Completion

The Completion shall take place at 4:00 p.m. on the Completion Date (or such other date as may be agreed between the Company and the Placing Agent in writing).

Termination

Pursuant to the Placing Agreement, the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement as mentioned above, all liabilities of the parties thereto thereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, all of the Placing Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued under the General Mandate. The General Mandate was granted to the Directors at the AGM whereby the Directors were authorised to allot, issue and deal with up to 41,406,637 Shares, representing 20% of the then number of Shares in issue of the Company as at the date of the AGM.

Up to the date of this announcement, none of Shares have been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Placing Shares and the issue of the Placing Shares is not subject to the approval of the Shareholders.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

(i) Information of the Group

The Group is principally engaged in (i) provision of electronic manufacturing services (“**EMS**”); (ii) marketing and distribution of communication products; (iii) real estate supply chain services and energy storage products, (iv) money lending; and (v) the securities and other assets investment. The Group’s products under the EMS business and the business segment of marketing and distribution of communication products (collectively, the “**EMS and Distribution Business**”) include but not limited to corded and cordless residential telephones, vacuum cleaner, printed circuit board of renewable energy charging solutions for electric vehicles and beauty care equipment.

(ii) Intended use of proceeds

Assuming all 20,703,200 Placing Shares are subscribed for in full, upon the Completion, the aggregate gross proceeds from the Placing will be approximately HK\$31.3 million and the aggregate net proceeds from the Placing will be approximately HK\$30.3 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.51 per Placing Share.

The Company intends to use the entire net proceeds arising from the Placing as to: (i) approximately HK\$22.1 million for the development of Energy Storage System Equipment (“**ESS Equipment**”) specialized for renewable energy charging for electric vehicles; and (ii) approximately HK\$8.2 million as working capital of the Group.

(iii) Reasons for and benefits of the Placing

As disclosed in the placing announcement dated 15 April 2024 (the “**Placing 2024**”) and the annual report 2023 (the “**Annual report 2023**”) of the Company for the year ended 31 December 2023, the Group’s revenue decreased by approximately HK\$27.3 million during the Year 2023 as compared with the Year 2022. Based on the Annual Report, the Group’s revenue was principally generated from European countries, United States of America and the PRC.

In view of the acceleration of the Russia-Ukraine tensions and the Russian invasion of Ukraine in February 2022 (the “**War Crisis**”), the Group’s revenue of the EMS and Distribution Business segment generated from the European countries has decreased significantly by approximately HK\$53.7 million or 23.5% for the Year 2023 as compared to the Year 2022.

The Directors noted that the ongoing War Crisis and the unstable economic environments impact the Group’s business performance and development adversely and therefore believe that there is immediate need to refine the Group’s business strategy.

In 2023, the management of the Group had formulated new business strategy, which was to expand its product offering with the development of renewable energy charging solutions specialized for electric vehicles (the “**EV Charging Solution**”) that targets to capture the PRC market. Base on the market research, the market size of the Asia Pacific electric vehicle charging station was valued over USD20.3 billion in 2022 and expects to grow at a rate over 21.3% by 2032. In particular, the growing demand of electric vehicles in the PRC driven by the government policy to reduce greenhouse gas emission has created a need for charging infrastructure to support the expanding electric vehicles market. Therefore, the Director considers that the development of EV Charging solution will enable the Group to capture the business opportunity created by raising demand of electric vehicles users and strengthen its market presence in Asia.

As the adoption of electric vehicles (the “**EVs**”) rapidly increases, EVs sale forecasts are constantly being revised upwards. While the EVs charging stations are operating simultaneously, the peak demand on the local electricity grid will be so large that electricity grid collapse may become commonplace. The electricity grid supplying the charging stations needs to be able to manage these intermittent high grid delivery values. At the same time, the electricity policy of the PRC is “Peak and Valley Time-Of-Use Electricity Prices”. The peak-valley time-of-use electricity price is an electricity price system that calculates electricity bills based on peak electricity consumption and off-peak electricity consumption. ESS Equipment can release stored electric energy during peak periods of electricity consumption, help balance power supply and demand, and enhance the flexibility and stability of the power grid; optimize power use and help charging stations reduce electricity costs; in a short period of time, it can meet the needs of Charging stations that provide fast charging services provide a large amount of power to speed up the charging of new energy vehicles. Therefore, supporting ESS Equipment for charging stations has recently become a mainstream market.

The Directors considers that the ESS Equipment can be integrated the EV Charging Solution when selling to the charging point operator in order to have a higher gross profit margin. Therefore, the Directors consider raise the fund in addition to acquire ESS Equipment for the future business development.

The Directors intended to utilised approximately HK\$22.1 million from the net proceeds entire apply to the development of ESS Equipment. The Directors plan to acquire equipment and materials specialized for the production of the ESS Equipment including (i) battery energy storage pack of approximately HK\$12.5 million; (ii) power conversion system equipment and energy management system equipment of approximately HK\$3.7 million; (iii) wardrobe for equipment of approximately HK\$2.1

million; and (iv) battery management system equipment of approximately HK\$2.0 million. The Group will apply approximately HK\$1.8 million to assemble the component and install the ESS Equipment and the EV Charging Solution. The ESS Equipment was expected to be selling with the EV Charging Solution to the commercial EVs charging stations by charging point operator in the PRC. The net proceeds for development of EV Charging Solution is expected to be fully utilised by 31 March 2025.

The remaining balance of approximately HK\$8.2 million from the net proceeds of Placing will be utilised for general corporate and working capital purposes. Based on the working capital needs of the Group, the Directors expect that the entire balance of approximately HK\$8.2 million will be used for payment of staff cost and will be fully utilised by the Group within one month upon Completion.

Having reviewed the business environment and challenge experienced by the Group in the European market; and the financial position and performance of the Group in the recent years with the aim to support the capital needs of the Group for the implementation the new strategy to strive for business growth and diversification of revenue stream of the Group in Asia. Despite the expected dilution impact of Placing on the shareholding interests of the Shareholders, taking into account the aforementioned business considerations and use of proceeds, the Directors consider that it is commercially sensible and in the interest of the long-term development of the Group to conduct new equity fundraising exercise when new business opportunities arise, and hence the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below is the summary of equity fund raising activity of the Company during the past twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
28 September 2023 and 20 October 2023	Placing of new shares under General Mandate	HK\$30.9 million	Approximately (i) HK\$8.7 million for acquisition of charging monitoring and maintenance equipment; (ii) HK\$11.5 million for acquisition of charging module; (iii) HK\$5.7 million for acquisition of charging gun and charging cable; (iv) HK\$2.0 million for acquisition of control panel; and (v) HK\$3.0 million to assemble the component and install the EV Charging Solution.	Approximately (i) HK\$8.7 million was used for acquisition of charging monitoring and maintenance equipment; (ii) HK\$11.5 million for acquisition of charging module; (iii) HK\$5.7 million for acquisition of charging gun and charging cable; (iv) HK\$2.0 million for acquisition of control panel; and (v) HK\$1.5 million to assemble the component and install the EV Charging Solution. The remaining proceeds of approximately HK\$1.5 million will be fully used as intended by 31 March 2025 (<i>Note</i>).

Date of announcement	Fund raising activity	Net proceeds (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
15 April 2024 and 29 April 2024	Placing of new shares under General Mandate	HK\$17.5 million	Approximately (i) HK\$1.9 million for acquisition of charging monitoring and maintenance equipment; (ii) HK\$2.5 million for acquisition of charging module; (iii) HK\$1.3 million for acquisition of charging gun and charging cable; (iv) HK\$0.4 million for acquisition of control panel; (v) HK\$0.8 million to assemble the component and install the EV Charging Solution; and (vi) 10.6 million for general working capital of the Group.	Approximately (i) HK\$0.5 million was used for acquisition of charging monitoring and maintenance equipment; (ii) HK\$0.5 million for acquisition of charging module; (iii) HK\$Nil million for acquisition of charging gun and charging cable; (iv) HK\$Nil million for acquisition of control panel; (v) HK\$Nil million to assemble the component and install the EV Charging Solution; and (vi) 10.6 million was used for general working capital. The remaining proceeds of approximately HK\$5.9 million will be fully used as intended by 31 March 2025. (Note)

Note: The management consider to integrate the EV Charging Solution and ESS Equipment when selling to the charging point operator. Therefore, the remaining proceeds will be fully used as intended by 31 March 2025.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming all the Placing Shares are issued and allotted, and there is no other change in the issued share capital of the Company from the date of this announcement and up to the Completion):

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	%	Number of Shares	%
China New Retail Holding Group Limited (<i>Note 1</i>)	51,760,000	25.0%	51,760,000	22.7%
The Placees	—	—	20,703,200	9.1%
Other public Shareholders	155,273,185	69.6%	155,273,185	68.2%
Total	207,033,185	100.0%	227,736,385	100.0%

Notes:

- (1) China New Retail Holding Group Limited, which is a company incorporated in Hong Kong with limited liability, is wholly-owned by Mr. Chen Dezhu.
- (2) It is a term of the Placing Agreement that none of the Placees to be procured by the Placing Agent will, immediately upon the allotment and issue of the Placing Shares, become a Substantial Shareholder.
- (3) Certain percentage figures included in the above table have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

WARNINGS

Since the Completion is subject to the satisfaction of the conditions precedent as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 3 June 2024 at which, among other things, a resolution relating to the grant of the General Mandate was duly passed by the Shareholders
“Board”	the board of Directors
“Business Day(s)”	any day (not being Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Energy Storage Technology Development Limited (as known as Link-Asia International MedTech Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1143)
“Completion”	completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	date of completion of the Placing which shall take place within five (5) Business Days following the day on which the condition of the Placing as set out in the Placing Agreement is satisfied (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the General Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“Last Trading Day”	16 September 2024, being the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional or institutional investor(s) independent of the Company, the directors, substantial shareholders and chief executive (as those terms defined in the Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 20,703,200 Placing Shares by the Placing Agent, on a best effort basis, pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	SBI China Capital Financial Services Limited, a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 16 September 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.51 per Placing Share
“Placing Shares”	up to 20,703,200 new Shares to be allotted and issued under the Placing
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning as ascribed to it under the Listing Rules

“Subscription”	the subscription of the subscription shares pursuant to the subscription agreement entered into between the Company and China New Retail Holding Group Limited dated 13 September 2022
“Subscription Announcement”	the announcement of the Company dated 13 September 2022 and 6 February 2023 and the circular of the Company dated 15 December 2022 in relation to the Subscription of new shares under specific mandate
“%”	per cent.

On behalf of the Board
China Energy Storage Technology Development Limited
Lin Dailian
Chairman and executive Director

Hong Kong, 16 September 2024

As at the date of this announcement, the Board comprises Mr. Lin Dailian (Chairman), Mr. Liu Zhiwei, Ms. Lin Xiaoshan and Ms. Bian Sulan as executive Directors; Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin as independent non-executive Directors.